

Message Text

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43

ACTION NEA-12

INFO OCT-01 ISO-00 AID-20 IO-14 SAM-01 SAB-01 NSA-02

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSC-07 PA-04

RSC-01 PRS-01 SPC-03 SS-20 USIA-15 DRC-01 /126 W

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R 181422Z MAR 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 5765

C O N F I D E N T I A L CAIRO 1354

E.O. 11652: GDS

TAGS: PINT EG

SUBJECT: EGYPTIAN INTERNAL DEVELOPMENTS

1. DURING DISCUSSION WITH EMBOFF MARCH 18, PEOPLES ASSEMBLY DEPUTY SPEAKER GAMAL OTAIFI SAID THAT EXPECTED EGYPTIAN CABINET CHANGE WOULD PROBABLY OCCUR AT END OF MONTH. LIKELY PROCEDURE WILL BE FOR SADAT TO CONVENE JOINT SESSION OF ASU AND PEOPLES ASSEMBLY ON OR ABOUT MARCH 28 TO ANNOUNCE DECISION, ALTHOUGH THERE WAS A SMALL POSSIBILITY THAT CABINET SHIFT WOULD MERELY BE ANNOUNCED IN PRESS IF IT DID NOT INVOLVE WIDE-SCALE CHANGES. OTAIFI SAID THAT LIKELY CANDIDATE FOR PRIME MINISTER WAS EITHER HEGAZI OR SADAT AGAIN; BUT, AS OPPOSED TO INSTANCE OF LAST JANUARY WHEN HEGAZI'S PROBABLE APPOINTMENT WAS AN OPEN SECRET, SADAT WAS NOW MAINTAINING COMPLETE SILENCE ON THE SUBJECT. OTAIFI SAID THAT EVEN HEGAZI, WHOM HE HAD SEEN TWO DAYS AGO, HAD NO IDEA WHAT HIS FUTURE POSITION WOULD BE.

2. OTAIFI SAID THAT TREND IN EGYPT TOWARD LIBERALIZATION WAS CONTINUING. TWO ITEMS OF LEGISLATION WERE NOW IN THE PLANNING STAGE, ONE A LAW OF JOINT VENTURES, WHICH WOULD PERMIT FOREIGNERS TO UNDERTAKE PROJECTS IN EGYPT IN COOPERATION WITH EGYPTIAN BUSINESSMEN; AND A MODIFICATION TO THE PRESENTLY EXISTING FOREIGN INVESTMENT LAW, PROVIDING STRONGER GUARANTEES FOR FOREIGN CAPITAL IN EGYPT. OTAIFI
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NOTED THAT THE OVERWHELMING OPINION IN THE ASSEMBLY,

INCLUDING LEFTIST ELEMENTS, WAS FOR LIBERALIZATION, AND
ADDED THAT HE EXPECTED THIS NEW LEGISLATION TO BE PASSED
AFTER IT WAS BROUGHT TO THE ASSEMBLY FOR DEBATE, PROBABLY
IN APRIL.
EILTS

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Message Attributes

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30 JUN 2005

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